COUNCIL AGENDA: 6-17-14

ITEM: 2.11



# Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

**DATE:** June 5, 2014

Approved .

Date 6/6/14

**SUBJECT:** 

APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL NO. 332 (IBEW) FOR THE TERM OF JULY 1, 2014 THROUGH

**JUNE 30, 2015** 

# RECOMMENDATION

Adopt a resolution to approve the terms of a collective bargaining agreement between the City and the International Brotherhood of Electrical Workers, Local No. 332 (IBEW), and authorizing the City Manager to execute an agreement with a term of July 1, 2014, through June 30, 2015.

#### OUTCOME

Adoption of the resolution and authorization to execute an agreement would result in a collective bargaining agreement between the City of San Jose and the International Brotherhood of Electrical Workers, Local No. 332 (IBEW) for the period of July 1, 2014, through June 30, 2015.

# **BACKGROUND**

The City of San Jose's collective bargaining agreement with the International Brotherhood of Electrical Workers, Local No. 332 (IBEW) will expire on June 30, 2014. IBEW currently represents approximately seventy-five (75) full-time equivalent positions. This unit includes employees in the classifications Electrician, Senior Electrician, and Electrician Supervisor.

In May 2014, negotiations with IBEW on a successor agreement commenced and, on or about June 2, 2014, the City and IBEW reached an overall Tentative Agreement on the terms to be contained in the successor MOA between the City and IBEW.

The Tentative Agreement is pending ratification by the IBEW membership. IBEW will notify the City of the ratification results prior to the June 17, 2014, City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

June 5, 2014

Subject: Approval of Terms of an Agreement with IBEW

Page 2 of 3

# <u>ANALYSIS</u>

A complete copy of the Tentative Agreement is attached. The following is a summary of the key provisions of Tentative Agreement.

Term

July 1, 2014 – June 30, 2015

General Wage Increase

Effective June 22, 2014, all employees represented by IBEW will receive a base pay increase of approximately 3.0%. This will result in both the top and bottom steps of the pay range being increased by approximately 3.0%.

**Classification Review** 

A Side Letter Agreement was reached to identify and review nonindustrial classifications represented by IBEW experiencing

recruitment and retention issues.

# **EVALUATION AND FOLLOW-UP**

The Side Letter Agreements on Retiree Healthcare Stakeholder Solutions Working Group and Temporary Electricians will also continue. Additionally, the City and IBEW agree to meet and confer on Retirement Board Governance changes that are within the scope of bargaining.

#### PUBLIC OUTREACH/INTEREST

| <b>Criteria 1</b> : Requires Council action on the use of public funds equal to \$1 million or greater.   |
|---|
| (Required: Website Posting)   |
| Criteria 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)   |
| Criteria 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, |
| Community Meetings, Notice in appropriate newspapers)   |

While this action does not meet any of the criteria listed, this memorandum will be posted on the City's website in advance of the June 17, 2014, Council Agenda.

# **COORDINATION**

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

HONORABLE MAYOR AND CITY COUNCIL June 5, 2014 Subject: Approval of Terms of an Agreement with IBEW Page 3 of 3

# COST SUMMARY/IMPLICATIONS

The ongoing increased annual direct cost of the 3% general wage increase is approximately \$310,000 in all funds, of which approximately \$125,000 is in the General Fund. Funding to support the recommended wage increase is contained in the Employee Compensation Planning Reserves in the General Fund and all other special funds, as appropriate, as part of the 2014-2015 Proposed Operating Budget. The 2014-2015 Proposed Budget is scheduled for City Council approval on June 17, 2014. Actions to increase departments' appropriations, offset by reductions to the Employee Compensation Planning Reserves, will be included in the 2013-2014 Annual Report scheduled for City Council consideration in fall 2014.

# **CEQA**

Not a Project, File No. PP10-069(b), Personnel Related Decisions.

Alex Gurza

Deputy City Manager

For questions please contact Alex Gurza, Deputy City Manager, at (408) 535-8155.

Attachment

# 2014 CITY OF SAN JOSE – IBEW TENTATIVE AGREEMENT\*

#### TERM

July 1, 2014 - June 30, 2015

#### WAGES

3% General Wage Increase

Effective June 22, 2014, all salary ranges for employees holding positions in classifications assigned to IBEW shall be increased by approximately 3%.

### SIDE LETTER AGREEMENTS

Classification Review – See Attached

The following side letters will continue:

- Temporary Electricians See Attached
- Retiree Healthcare Stakeholder Solutions Working Group and Negotiations See Attached

#### OTHER

The Union agrees to meet and confer on Retirement Board Governance changes that are within the scope of bargaining.

All other terms and conditions of the current MOA will continue through the term of this agreement.

\* This agreement is considered tentative and shall not be considered final or binding until ratified by the membership and approved by the City Council. This document sets forth the full agreements of the parties reached during these negotiations. Anything not included in the document is not part of the Tentative Agreement.

# 2014 CITY OF SAN JOSE – IBEW TENTATIVE AGREEMENT\*

| FOR THE CITY:   |                | FOR THE UNION:                                |                  |
|---|----------------|---|------------------|
| Mn  | 6-2-14         | La lu   | 6/2/14           |
| Alex Gurza<br>Deputy City Manager                       | Date           | Dan Rodriguez Business Agent IBEW, Local 332  | Date             |
| Jennifer Schembri Deputy Director of Employee Relations | 6214<br>Date   | Frank Crusco Chief Steward IBEW, Local 332    | 6-2-201,<br>Date |
| Marco Mercado<br>Assistant to the City<br>Manager       | 6/2/14<br>Date | Rich Sigona<br>Team Member<br>IBEW, Local 332 | 6-2-2014<br>Date |
| Kristen Hilton<br>Executive Analyst                     | <u> </u>       | Long Vu<br>Team Member<br>IBEW, Local 332     | 6/2/2014<br>Date |
|   |                | Joe Beckham Team Member IBEW, Local 332       | 6-2-14<br>Date   |

#### SIDE LETTER AGREEMENT

#### **BETWEEN**

#### THE CITY OF SAN JOSE

AND

THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 332 (IBEW)

#### Classification Review

The City agrees that it will conduct a classification/compensation review by December 31, 2014, of the non-Industrial classifications represented by IBEW where recruitment and retention issues are being experienced, including, but not limited to, classification structure, job duties, and compensation. The review would include a comparison of comparable work performed in comparable jurisdictions. During this review, the City agrees to provide IBEW monthly updates or, at the request of IBEW, meet with IBEW to discuss the status of the review.

Following this review, the City agrees to meet with and seek input from IBEW, and discuss the results of this review. This meeting shall not be considered meeting and conferring and the agreement to hold this meeting shall not be construed as an agreement to change anything related to classification structure and applicable benefits for classifications represented by IBEW.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, any agreement reached between the City and the Union.

FOR THE CITY:

FOR THE EMPLOYEE ORGANIZATION:

Alex Gurza

Deputy City Manager

6-2-14

Dan Rodriduez

Business Representative

IBEW Local 332

Deputy Director of Employee Relations

Frank Crusco

Chief Steward

IBEW Local 332

# SIDE LETTER AGREEMENT

## **BETWEEN**

# THE CITY OF SAN JOSE

AND

THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)

# Temporary Electricians

The City and IBEW agree to continue discussions regarding the Unclassified Temporary Electricians Agreement.

FOR THE CITY:

FOR THE UNION:

Jennifer Schembri

Deputy Director of Employee Relations

Dan Rodriguez

Business Representative

Date

IBEW, Local 332

# Side Letter Agreement

# RETIREE HEALTHCARE STAKEHOLDER SOLUTIONS WORKING GROUP AND NEGOTIATIONS

#### **PURPOSE**

The parties recognize the importance of funding the current retiree healthcare benefit, and since 2009, have been increasing contributions into the plan in order to begin paying the full Annual Required Contribution to ensure funding of the retiree healthcare benefit.

Neither the City nor the bargaining units have committed to close the plan. However, new employees will not enter the existing retiree healthcare plan. Since current employees share in paying the unfunded liabilities of the current retiree healthcare benefit, new employees who are not in the current plan would not be making those payments. The City has agreed to make the contributions towards the unfunded liabilities that those new employees would have paid had they been in the current plan. The City has agreed to do so in order to allow time for long-term solutions to be developed by a Retiree Healthcare Solutions Working Group ("Working Group") and negotiations.

The goal of the Working Group shall be to develop options that lead to long-term solutions to the retiree healthcare issue.

The City and the Coalition<sup>1</sup> have agreed to immediately continue working on solutions to retiree healthcare both through the Working Group and subsequent negotiations. The parties are committed to working collaboratively towards long-term solutions and have agreed to remain open to considering various options. The options considered will include, but are not limited to, the following:

- Using high-deductible healthcare plans in combination with individual health savings accounts;
- Limitations on the current retiree healthcare benefit in combination with individual health savings accounts;
- Tiered healthcare benefit structures based on length of employment;
- Modification of eligibility requirements;
- Health plan design and rate structure changes;
- Incentives for employees to work beyond normal retirement eligibility; and
- The inclusion or exclusion of new employees in any modifications, or the formation of a completely different plan for new employees.

<sup>&</sup>lt;sup>1</sup> The San Jose Federated Labor Coalition consists of the following nine (9) bargaining units: Association of Building, Mechanical, and Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), Association of Legal Professionals (ALP), Association of Maintenance Supervisory Personnel (AMSP), City Association of Management Personnel (CAMP), Confidential Employees' Organization (CEO), International Brotherhood of Electrical Workers (IBEW), Municipal Employees' Federation (MEF) and International Union of Operating Engineers, Local #3 (OE#3).

# RETIREE HEALTHCARE STAKEHOLDER SOLUTIONS WORKING GROUP

### Facilitator:

By August 1, 2013, the City and the Coalition members will mutually agree on an independent person or entity that is knowledgeable in the area of retiree healthcare benefits to facilitate the Working Group.

The facilitator will facilitate the discussions, provide information to the parties, and generally assist in the development of options for long-term solutions. Upon the mutual agreement of the City and Coalition members, other subject matter experts may be engaged to assist in analyzing possible solutions.

The costs of the facilitator and any subject matter experts will be shared equally between the City and the Coalition members.

## Participation:

In addition to the City and a representative from each bargaining unit in the Coalition, members of the Working Committee will include a representative of the retirees, and any unrepresented employee group(s).

# Meetings:

The City and the Coalition will jointly schedule Working Group sessions in coordination with the facilitator. More frequent and longer Working Group sessions will be scheduled in the early stages of the process. The Working Group sessions will be open to employees and the public.

# TIMELINE FOR RETIREE HEALTHCARE SOLUTIONS WORKING GROUP AND NEGOTIATIONS:

The Working Group shall agree upon a facilitator no later than August 1, 2013. The time period to schedule Working Group sessions will be from August 1, 2013, and conclude no later than December 31, 2013, unless the parties mutually agree to extend the timeframe. The City and the Coalition agree that this process will not supplant the meet and confer process regarding retiree healthcare.

Negotiations between the City and the bargaining units shall commence within 14 days upon notice of either party, but no earlier than January 1, 2014. The City and the bargaining units shall negotiate in good faith in an effort to reach a mutual agreement. Applicable impasse dispute resolution procedures shall apply. The parties intend to meet and confer through coalition bargaining. However, all parties reserve their respective rights to withdraw from coalition bargaining. In such an event, the City and any bargaining unit that withdraws from the Coalition will bargain separately.

This Side Letter Agreement is considered part of the tentative agreement on retiree healthcare with the bargaining units and shall become effective only as part of the overall retiree healthcare agreement. Each bargaining unit conducts separate ratification processes, and this Side Letter Agreement shall be effective for those bargaining units who ratify the overall tentative agreement on retiree healthcare and only during the term of those agreements with each respective bargaining unit.

| FOR THE CITY:                         | FOR THE UNION:  |               |
|---------------------------------------|---|---------------|
| Mh 6-11-13                            | Yolanda Cruz () Da                                      | >/13          |
| Alex Gurza Date                       |   | te            |
| Deputy City Manager                   | President<br>MEF, AFSCME Local 101                      |               |
|                                       |   |               |
| Behemby blills                        | 6/10  | 0/13          |
| Jennifer Schembri Date                | Charles Allen Da  | te            |
| Deputy Director of Employee Relations | Business Agent<br>AFSCME, Local 101                     |               |
| 1 25.0 MMA Chila                      | THE SOURCE ASSOCIATION                                  | •             |
| Cheryl Parkman Date                   | FOR THE UNION:  |               |
| Executive Analyst                     | · ·   |               |
| Office of Employee Relations          | 111   |               |
|                                       | ///m/20/12 6/10/13                                      | _             |
|                                       | LaVerne Washington / Date President                     | €             |
|                                       | CEO, AFSCME Local 101                                   |               |
|                                       |   | 1             |
|                                       | 6/10  |               |
|                                       | Charles Allen Date<br>Business Agent                    | €             |
|                                       | AFSCME, Local 101                                       |               |
|                                       |   |               |
|                                       | FOR THE UNION:  | •             |
| ·                                     | Wells HI I  |               |
|                                       | Bill Pope Date  | <del></del> . |
|                                       | Business Representative<br>Operating Engineers, Local 3 |               |
| •                                     | operating Engineers, Lossa e                            |               |
| •                                     | FORITHE UNION;  |               |
|                                       |   | 12            |
|                                       | Vera Todorov Date                                       |               |
|                                       | President   |               |
| '                                     | ALP   |               |
|                                       | POD TIME WALLOWS  |               |
|                                       | FOR THE UNION:  |               |

President ABMEI

| FOR THE UNION:   |  |
|--|--|
| (1) (1)  | elistia  |
| X Mamma / Collica / Sullan / S |  |
| President  |  |
| AEA, IFPTE Local 21  |  |
| 1 - 10 //  | 1/1/1  |
|  | 6/10/13  |
| Michael Seville  | Date   |
| Acting Senior Representative IFPTE, Local 101  |  |
| ii i i i i i i i i i i i i i i i i i i   |  |
|  |  |
| FOR THE UNION  | , , ,  |
| h hove a far   | 6/10/201   |
| Dale Dapp  | Date .   |
| President<br>AMSP, IFPTE Local 21  |  |
| ANDE, IFFIE LOCAL ZI   |  |
| 218.11   | 6/10/13  |
| Michael Seville  | Date   |
| Acting Senior Representative   | Baio   |
| IFPTE, Local 101   |  |
|  |  |
| FOR THE UNION:   | ,  |
| Cont finally   | 1 / 1 /  |
| ~ R 1 10:101   | 6/10/2d/3  |
| Matt Farrell   | 6/10/2413<br>Date  |
| President  |  |
|  |  |
| President  | Date   |
| President CAMP, IFPTE Local 21   |  |
| President CAMP, IFPTE Local 21  Michael Seville  | Date   |
| President CAMP, IFPTE Local 21   | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative   | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative   | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  FOR THE UNION:  Frank Crusco  | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  FOR THE UNION: Frank Crusco Chief Steward   | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  FOR THE UNION:  Frank Crusco  | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  FOR THE UNION: Frank Crusco Chief Steward   | Date   |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  FOR THE UNION: Frank Crusco Chief Steward IBEW, Local 332   | Date    10   13     Date       Da |
| President CAMP, IFPTE Local 21  Michael Seville Acting Senior Representative IFPTE, Local 101  FOR THE UNION: Frank Crusco Chief Steward   | Date   |